

Frequently Asked Questions (FAQs)

on Bank Indonesia Circular Letter No. 10/18/DPM dated April 15, 2008, concerning Amendment to Bank Indonesia Circular Letter No. 9/4/DPM dated March 16, 2007, concerning Procedures of Government Bond Auction in the Primary Market and Government Bond Administration

Q. Which parties are eligible to participate in the SUN Auction in the Primary Market?

- A. The parties eligible to participate in the SUN Auction in the Primary Market are :
- a. Auction Participants, Bank Indonesia, and/or Indonesia Deposit Insurance Corporation (LPS), for SUN Auction of Treasury Bill; or
 - b. Auction Participants and/or LPS, for SUN Auction of Treasury Bond.

Q. How is the LPS participation mechanism in the SUN Auction in the Primary Market?

- A. The LPS may buy SUN in the Primary Market under the following requirements.
- a. The bids shall be made directly, not through any Primary Dealer;
 - b. The bidding is only for the Non-competitive Bidding.

Q. What should be made when participating in the SUN Auction by Competitive Bidding?

- A. The Competitive Bidding shall be made by entering the volume and discount rate or yield or price.

Q. What is the multiplication in the bids for price?

- A. The bids for price shall be made in a multiple of 0.05% (five per ten thousands).

Q. Which account shall be used by a Primary Dealer in the payment of SUN lending fee?

- A. The Primary Dealer shall pay SUN lending fee through the BI-RTGS System to the Government Rupiah Account No. 500.000003 “Menteri Keuangan, c.q. Dirjen Perbendaharaan untuk Pengelolaan SUN”.

Q. How is the procedure of collateral execution if a Primary Dealer fails to repay SUN it borrows upon maturity?

- A. The procedure of the collateral execution is as follows.

- 1) In the event of any failure in the repayment of SUN Lending Facility, the Government may sell the collateralized SUN to any other Primary Dealer.
- 2) The sale of the collateralized SUN shall be conducted under an exchange mechanism, namely by exchanging the collateralized SUN with SUN of the same series lent by the Government.
- 3) Based on the SUN exchange transaction by the Government, Bank Indonesia on behalf of the Government and the Primary Dealer as the transaction counterpart shall execute settlement through the BI-SSSS by FoP transfer.
- 4) In the event of a cash difference in the SUN exchange transaction, the payment shall be bilaterally settled by the Primary Dealer buying the collateral and the Primary Dealer which fails to return the SUN lent by the Government.

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